

**THE BIDVEST GROUP LIMITED**

("Bidvest" or "The Group")

(Incorporated in the Republic of South Africa)

(Registration number 1946/021180/06)

JSE Share code: BVT

ISIN: ZAE000117321

**REPORT ON ANNUAL GENERAL MEETING PROCEEDINGS ("AGM"), GRANTING OF CONDITIONAL SHARE PLAN ("CSP") AWARDS AND BUSINESS UPDATE**

**1: REPORT ON AGM PROCEEDINGS**

Bidvest shareholders are advised that at the AGM of members held on Monday, 27 November 2017. Except for Ordinary Resolution's 6 and 8 (which required a 75% majority), all the other ordinary and special resolutions as proposed in the Notice of the Annual General Meeting were approved by the requisite majority of members. In this regard, Bidvest confirms the voting statistics from the AGM as follows:

- 1 Ordinary resolution number 1: To re-appoint the external auditors

| For         | Against | Total Shares<br>voted | Abstained |
|-------------|---------|-----------------------|-----------|
| 262 157 610 | 738 285 | 262 895 895           | 704 978   |
| 99.72%      | 0.28%   | 100.00%               |           |

- 2 Ordinary resolution number 2.1: Re-election of director appointed during the year – CWN Molope

| For         | Against | Total share<br>voted | Abstained |
|-------------|---------|----------------------|-----------|
| 262 242 729 | 534 678 | 262 777 407          | 823 466   |
| 99.80%      | 0.20%   | 100.0%               |           |

- 3 Ordinary resolution number 2.2: Directors retiring by rotation and available for re-election – LP Ralphs

| For         | Against   | Total shares<br>voted | Abstained |
|-------------|-----------|-----------------------|-----------|
| 260 459 232 | 2 443 463 | 262 902 695           | 698 178   |
| 99.07%      | 0.93%     | 100.0%                |           |

- 4 Ordinary resolution number 2.3: Directors retiring by rotation and available for re-election – GC McMahon

| For         | Against   | Total shares<br>voted | Abstained |
|-------------|-----------|-----------------------|-----------|
| 260 500 374 | 2 402 321 | 262 902 695           | 698 178   |
| 99.09%      | 0.91%     | 100%                  |           |

5 Ordinary resolution number 2.4: Directors retiring by rotation and available for re-election –T Slabbert

| <b>For</b>  | <b>Against</b> | <b>Total shares<br/>voted</b> | <b>Abstained</b> |
|-------------|----------------|-------------------------------|------------------|
| 260 479 417 | 2 423 278      | 262 902 695                   | 698 178          |
| 99.08%      | 0.92%          | 100.0%                        |                  |

6 Ordinary resolution number 2.5: Directors retiring by rotation and available for re-election – DDB Band

| <b>For</b>  | <b>Against</b> | <b>Total shares<br/>voted</b> | <b>Abstained</b> |
|-------------|----------------|-------------------------------|------------------|
| 239 381 689 | 23 519 556     | 262 901 245                   | 699 628          |
| 91.05%      | 8.95%          | 100.0%                        |                  |

7 Ordinary resolution number 3.1: Election of audit committee members – EK Diack

| <b>For</b>  | <b>Against</b> | <b>Total shares<br/>voted</b> | <b>Abstained</b> |
|-------------|----------------|-------------------------------|------------------|
| 262 707 197 | 195 498        | 262 902 695                   | 698 178          |
| 99.93%      | 0.07%          | 100.0%                        |                  |

8 Ordinary resolution number 3.2: Election of audit committee members – S Masinga

Resolution withdrawn

9 Ordinary resolution number 3.3: Election of audit committee members – CWN Molope

| <b>For</b>  | <b>Against</b> | <b>Total shares<br/>voted</b> | <b>Abstained</b> |
|-------------|----------------|-------------------------------|------------------|
| 261 660 811 | 1 116 796      | 262 777 607                   | 823 266          |
| 99.58%      | 0.42%          | 100.0%                        |                  |

10 Ordinary resolution number 3.3: Election of audit committee members – NG Payne

| <b>For</b>  | <b>Against</b> | <b>Total shares<br/>voted</b> | <b>Abstained</b> |
|-------------|----------------|-------------------------------|------------------|
| 251 099 171 | 11 803 524     | 262 902 695                   | 698 178          |
| 95.51%      | 4.49%          | 100.0%                        |                  |

- 11 Ordinary resolution number 4.1: Endorsement of Bidvest remuneration report – non-binding advisory note: “Part 1 - Remuneration policy”

| <b>For</b>  | <b>Against</b> | <b>Total shares<br/>voted</b> | <b>Abstained</b> |
|-------------|----------------|-------------------------------|------------------|
| 253 527 281 | 8 731 957      | 262 259 238                   | 1 341 635        |
| 96.67%      | 3.33%          | 100.0%                        |                  |

- 12 Ordinary resolution number 4.2: Endorsement of Bidvest remuneration report – non-binding advisory note: “Part 2–Implementation of remuneration policy”

| <b>For</b>  | <b>Against</b> | <b>Total shares<br/>voted</b> | <b>Abstained</b> |
|-------------|----------------|-------------------------------|------------------|
| 255 987 020 | 6 272 218      | 262 259 238                   | 1 341 635        |
| 97.61%      | 2.39%          | 100.0%                        |                  |

- 13 Ordinary resolution number 5: General authority to directors to allot and issue authorised but unissued ordinary shares

| <b>For</b>  | <b>Against</b> | <b>Total shares<br/>voted</b> | <b>Abstained</b> |
|-------------|----------------|-------------------------------|------------------|
| 189 028 763 | 73 242 021     | 262 270 784                   | 1 330 089        |
| 72.07%      | 27.93%         | 100.0%                        |                  |

- 14 Ordinary resolution number 6: General authority to issue shares for cash

| <b>For</b>  | <b>Against</b> | <b>Total shares<br/>voted</b> | <b>Abstained</b> |
|-------------|----------------|-------------------------------|------------------|
| 186 225 054 | 75 921 332     | 262 146 386                   | 1 454 487        |
| 71.04%      | 28.96%         | 100.0%                        |                  |

- 15 Ordinary resolution number 7: Payment of dividend by way of pro rata reduction of share premium

| <b>For</b>  | <b>Against</b> | <b>Total shares<br/>voted</b> | <b>Abstained</b> |
|-------------|----------------|-------------------------------|------------------|
| 262 894 335 | 12 357         | 262 906 692                   | 694 181          |
| 100.0%      | 0.0%           | 100.0%                        |                  |

- 16 Ordinary resolution number 8: Creation and Issue of convertible debentures

| <b>For</b>  | <b>Against</b> | <b>Total shares<br/>voted</b> | <b>Abstained</b> |
|-------------|----------------|-------------------------------|------------------|
| 189 662 548 | 73 229 390     | 262 891 938                   | 708 935          |
| 72.14%      | 27.86%         | 100.0%                        |                  |

17 Ordinary resolution number 9: Directors' authority to implement special and ordinary resolutions

| For         | Against | Total shares<br>voted | Abstained |
|-------------|---------|-----------------------|-----------|
| 262 862 965 | 38 840  | 262 901 805           | 708 935   |
| 99.99%      | 0.01%   | 100.0%                |           |

18 Special resolution number 1: General authority to acquire (repurchase) shares

| For         | Against    | Total shares<br>voted | Abstained |
|-------------|------------|-----------------------|-----------|
| 251 641 752 | 11 251 901 | 262 893 653           | 707 220   |
| 95.72%      | 4.28%      | 100.0%                |           |

19 Special resolution number 2: Approval of non-executive directors' remuneration - 2017/18

| For         | Against | Total shares<br>voted | Abstained |
|-------------|---------|-----------------------|-----------|
| 262 862 502 | 27 637  | 262 890 139           | 710 734   |
| 99.99%      | 0.01    | 100.0%                |           |

20 Special resolution number 3: General authority to provide direct or indirect financial assistance to all related and inter-related entities

| For         | Against   | Total shares<br>voted | Abstained |
|-------------|-----------|-----------------------|-----------|
| 253 938 297 | 8 956 058 | 262 894 355           | 706 518   |
| 96.59%      | 3.41%     | 100.0%                |           |

## 2. GRANTING OF CONDITIONAL SHARE AWARDS IN TERMS OF THE 2008 BIDVEST CSP

Executive Directors have been awarded Conditional Share Awards in terms of the 2008 Bidvest Group CSP, approved by shareholders at the annual general meeting in November 2008. Conditional Share Awards are subject to performance conditions for the period starting 1 July 2017 and ending 30 June 2020. Subject to performance, vesting will occur in September 2020 and September 2021. The remuneration Committee has given approval for the following individual allocations.

Conditional share awards are as follows:

Executive Directors:

|             |                                  |
|-------------|----------------------------------|
| L P Ralphs  | 112 000 conditional share awards |
| N T Madisa  | 30 000 conditional share awards  |
| G C McMahon | 15 000 conditional share awards  |
| A W Dawe    | 38 000 conditional share awards  |

### **3. BUSINESS UPDATE**

Bidvest executive management are briefing stakeholders, including shareholders and financial analysts, on Tuesday, 28 November 2017 with regards to the performance of the Group for the first four months, ended 30 October 2018, of the financial year (FY18).

Overall, the operating performance, year to date, has been exceptionally pleasing, despite weak economic activity. This increase can be attributed to the resilience of the underlying businesses and the continuing strong focus of the Bidvest management team on ensuring an acceptable shareholder return.

Bidvest Chief Executive, Lindsay Ralphs, commented, "Whilst we are very pleased with our year to date performance, the country and economy continue to face a high level of uncertainty. Bidvest management remain confident that our resilient business model, tight expense control, the strategic business measures taken to remain relevant and competitive, as well as increased volumes in certain sectors and acquisitions, will deliver good growth in FY18. Our sound financial position and strong balance sheet provides adequate headroom to support our growth and investment aspirations, both locally and internationally."

The South African operations delivered a strong trading result, which was also partially assisted by the acquisitions of Brandcorp (effective 1 October 2016) and Noonan. Given the broad reach of our activities, Bidvest has benefitted from greater commodity and agricultural volumes in various businesses, as well as the annuity-type nature of many of its operations. Businesses exposed to the infrastructure and construction sectors witnessed further contraction in demand. Consumer facing businesses reported weak results.

The Noonan acquisition became effective 1 September 2017. Noonan traded ahead of expectations and recently concluded a bolt-on acquisition of a niche security company, Ultimate Security Services, in the United Kingdom.

Bidvest Freight secured approvals for the construction of a ZAR1 billion Liquefied Petroleum Gas (LPG) investment. A contractor has been appointed with earthworks now completed. The commissioning of the multi-purpose tanks in Richards Bay is on track.

Discussions and processes continue with regards to the strategic assessment of Bidvest's non-core assets. No further monetisation has occurred since year-end. Bidvest Namibia continues to trade under a cautionary.

Asset management remains a core focus. Management of debtors remain critical in these challenging times and the current profile is acceptable. In line with normal seasonality, the Group expects working capital absorption at the end of the interim period. Net debt /EBITDA remains healthy, despite the acquisition of Noonan and capital investments in projects in South Africa.

#### **Additional operational commentary:**

##### **Freight**

Higher agricultural and bulk commodity volumes have driven greater utilisation and therefore operating leverage. The benefit from investment in liquid fuel tanks during the 2017 financial year continues to flow through in higher trading profit. Activities exposed to airfreight and other discretionary consumer product imports remained weak. Recent inclement weather in Durban caused some damage and hindered activity at port loading and storage facilities. Despite this, the division delivered a strong result.

##### **Services**

The core annuity income businesses in Services delivered good results. Security held its own. Noonan's maiden contribution is exceeding expectations. Industrial project services remain weak with trading profit lower in the quarter. Operationally, Travel results have improved. Management interventions across the division continue to lower the cost of doing business and further diversify the portfolio. Facilities Management bundling initiatives are taking shape and the enhanced model is presenting exciting opportunities.

## Commercial Products

The Brandcorp acquisition annualised its contribution in the first quarter of FY18. The industrial focused businesses held their own, while the consumer facing operations experienced a tough quarter, particularly Yamaha. The Yamaha business model is in the process of being transformed. Academy Brushware, Afcom, Berzacks, Burncrete, Materials Handling and Vulcan produced solid results.

## Financial Services

Fleet contract roll-off is putting pressure on revenue and trading profit within Bidvest Bank. The award of new material fleet contracts has been delayed. The remainder of the division traded well, considering the negative business drag from the fast-growing life insurance activities. The investment portfolio yielded strong returns. Overall, the increase in trading profit was pleasing.

## Automotive

New car volumes grew, particularly to fleet customers. Margin retention has, however, been disappointing. Commercial vehicle dealerships performed well. Bidvest Car Rental volumes, realised rate per day and fleet utilisation fell short of expectations, largely as a result of an extremely competitive market.

## Electrical

The continued decline in construction and infrastructure activity in South Africa resulted in depressed demand. Many of the project-type businesses experienced a poor quarter, largely due to organisational changes at key clients. Trading challenges are compounded by cable price volatility. Active price management is vital, and working capital management and expense control remain key focus areas.

## Office & Print

Results were satisfactory despite lower revenue from tough trading conditions. Gross profit margin improved on a better mix and active management resulted in exceptionally well controlled costs. Stationery demand continued to decline, but the processes to simplify the businesses are starting to deliver benefits. The furniture order book remains healthy. Konica Minolta benefitted from the start of a large municipal contract at an acceptable gross margin, as well as the annualising of the Treasury price adjustment.

## Namibia

Bidvest Namibia delivered improved results, but remain well below expectations. Activities are plagued by recessionary economic conditions. Tight asset management and expense control remain key focus areas. Poor catch and realised pricing as well as higher gazetted levies remain the key challenges in the fishing operations. The Bidvest Namibia cautionary was updated on 8 November 2017, stating that negotiations have been entered to dispose of Bidfish.

## **Retirement of executive director**

The Bidvest Group announces the retirement of its Group financial director, Hans Peter Meijer, effective 28 February 2018. Mr Meijer's retirement comes after spending nearly 28 years with the Group. He originally joined Bidvest's corporate office in 1990 and in 1995 moved into a subsidiary divisional financial role as financial director of Steiner, appointed as financial director of the Bidvest Services division in 2001, and finally the Bidvest South Africa division in 2011. He was appointed to the Bidvest board as Group financial director on 23 May 2016. The Board's nominations committee is at an advanced interviewing stage for Mr Meijer's successor, and an announcement will be made in due course.

**Conclusion**

Bidvest intends issuing its results for the six-months ending 31 December 2017 on Monday, 26 February 2018.

Shareholders are advised that the financial information relating to the 2018 financial year has not been audited, reviewed or reported on by the Group's auditors and that this update does not constitute a forecast.

A recording of the stakeholder briefing will be available on [www.bidvest.com](http://www.bidvest.com) shortly after the event.

Date: 28 November 2017

Johannesburg

Sponsor: Investec Bank Limited